

Desert Grape Growers League of California

October 11, 2002

Via Fax #(202) 720-8477 (Three Pages)

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OCT 16 2002

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Mr. A. J. Yates
Administrator
Agricultural Marketing Service
U.S. Department of Agriculture
1400 Independence Avenue, S.W.
Washington, D. C. 20250

Dear Mr. Administrator:

On behalf of the Desert Grape Growers League (DGGL) of California, in Coachella Valley, California, I am writing to request that your agency propose a change in the effective date of Table Grape Import Regulation 4, 7 CFR 944.503, paragraph (3) from April 20 to April 1.

Beginning of 2002, the number of DGGL table grape producers was 46, and the number of handlers/shippers was 21. All of these growers and handlers/shippers operate under the Desert Grape marketing order which is administered by the California Desert Grape Administrative Committee. The table grape acreage at the beginning of 2002 was 12,490 acres. The League's membership produces and ships in excess of 90% of the table grapes.

The change requested by DGGL comports with Section 608-e-1(b) of the Agricultural Adjustment Act of 1938, as amended (7 USC 608e-1(b)), which allows for an extension of the marketing order period not to exceed 35 days if such action is needed to prevent the circumvention of the grade, size, quality or maturity standards of a seasonal marketing order.

DGGL is requesting this change because a substantial amount of non-exempt¹, below grade imported Chilean table grapes are entering the U.S. prior to the marketing order's April 20 effective date, being stored and marketed when U.S. and Mexican inspected table grapes are being marketed in the U.S.

¹Under the marketing order, there are four table grape varieties exempted from inspection: Emperor, Calmeria, Almeria, and Ribier.

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The fact that non-inspected Chilean table grapes are in the market when Coachella Valley and Mexico are marketing their grapes is a direct circumvention of the grade, size and quality standards of the table grape marketing order. This is a loophole which only Chile is utilizing inasmuch as Coachella Valley table grape producers and Mexican exporters are strictly adhering to the requirements of the marketing order.²

Publications indicate that Chilean table grapes imported before April 20 are marketed in the U.S. when the marketing order is in effect. The Agricultural Marketing Service (AMS) Market News Service terminal market reports show that Chilean table grapes are on the market, across the U.S., consistently in May and June. There are even instances of the product being available in July.

A substantial percentage of these imported grapes would not be permitted to enter the U.S. during the marketing order period because they would fail the minimum grade inspection.

Inspection data, which DGGL has received from AMS over the last three years, indicate a relatively high failure rate, increasing somewhat on the cusp of the April 20 marketing order effective date.

DGGL has gathered these data for the last three years, and the data have shown a clear pattern of storage and the marketing of uninspected Chilean table grapes during the marketing order period for these years.

DGGL believes that a change in the effective date of the marketing order will have no effect on the availability and price of imported Chilean table grapes during the additional period the marketing order is in effect. This is because weekly and monthly marketing estimates indicate sufficient supplies in the market during March and April. Data from the Bureau of Labor Statistics indicate that retail price data for Thompson seedless (the largest Chilean table grape export) show reasonable prices in March and April.

² After April 1 and before the Mexican table grape import season, Chile provides approximately 97% of the imported table grapes.

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Extending the inspection period for imports is a minor change in that conditions are not likely to change substantively the desire and ability of Chilean shippers to supply their largest and most profitable market, the U.S. Seasonal shortages apparently are not a problem in the European Union and Canada where grade and quality standards are in effect year round for imported table grapes.

When the Coachella Valley table grape marketing order effective date was last changed in 1987, the U.S. Department of Agriculture (USDA) decision was challenged in federal court. The court ruled in favor of USDA, noting that marketing orders are designed to "embrace all conditions that will impact on price and supply fluctuations within the normal (domestic) marketing season".

DGGL will appreciate your careful and favorable consideration of this request.

Sincerely,

A handwritten signature in black ink, appearing to read "R. Bianco", with a stylized flourish at the end.

Robert Bianco
President

Faxed and Mailed